



Boone County, Indiana
Established 1830

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Date: May 10, 2013
To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: SUMMARY REPORT
2013 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY

The following document is issued as supporting documentation to the 2013 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on May 10, 2013. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). The assessed values in Boone County were established by implementing the newest cost schedules issued by The Department and adjusted using local Sales and Income & Expense data. The attached ratio study was performed in accordance with the 2007 *IAAO Standard on Ratio Studies*.

I. RESIDENTIAL PROPERTIES

- **Vacant vs. Improved Sales in Ratio Study - *NOTE:*** While extracting sales for the 2013 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, not by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked Yes, those sales will be in the Vacant Residential Ratio Study. If box 3 is checked No, those sales will be in the Improved Residential Ratio Study.

At the time many Sales Disclosures were filed with the assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass insures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.

- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A as sales data dictated. Most factors saw very little change as a result of the updated construction cost tables. For neighborhoods with zero or insufficient sales data, the neighborhood factor was changed based on comparable neighborhoods in that specific residential real estate market.
- **Sales Data:** Boone County used sales from the mandated sales window of 1/1/2012 through 3/1/2013 to trend each individual neighborhood, therefore, no adjustments were made to the sales. In the event that the number of sales seemed scarce for a specific Township, comparable Townships were “grouped” together for the purpose of the ratio study. The “grouping” of these sales is illustrated on the newly required *formatted* tab of the attached ratio study.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. As in previous years, some residential neighborhoods required further stratification for differences in lot size and selling price. New neighborhoods were created and applicable parcels moved as supported by sales data.
- **Land Values Reviewed:** Upon review of the existing land values, vacant land sales indicated the need for adjustments to home site base rates, residual/excess rates and primary base rates in some areas. Using both vacant lot sales, adjustments were made to residential land rates.

II. COMMERCIAL-INDUSTRIAL PROPERTIES

- **Methodology:** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. Upon review of the sales data, it was determined that there were not sufficient sales to utilize the sales comparison approach exclusively so other approaches to valuation were considered and implemented in accordance with IAAO standards. Due to low sales volume, it was determined that the income approach to value would be the most stable and reliable source for accurate and uniform assessments for most commercial/industrial income-producing properties. Special Purpose properties not conducive to the income approach were left valued using the newest costs and tested by sales when possible.
- **Sales Data (50 IAC 21-3-3):** Only sales from the mandated sales window of 1/1/2012 through 3/1/2013 were considered and no sales were adjusted.
- **Income data/Income Approach to Valuation (50 IAC 21-3-3):** The sources for the data (Rents, Vacancy Rates, Expense Ratios, Capitalization Rates, etc.) used in these assessments were gathered from individual taxpayer income & expense data, public access documentation and IncomeWorks software.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.